

106TH CONGRESS
1ST SESSION

H. R. 2615

To amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 1999

Mr. TALENT (for himself, Ms. VELÁZQUEZ, Mrs. KELLY, Ms. MILLENDER-McDONALD, Mr. DAVIS of Illinois, Mrs. JONES of Ohio, Mrs. BONO, Ms. BERKLEY, Mrs. NAPOLITANO, Mr. HILL of Montana, Mr. PASCRELL, Mrs. MCCARTHY of New York, Mr. SWEENEY, Mr. COMBEST, and Mr. DEMINT) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. LEVELS OF PARTICIPATION.**

4 Section 7(a)(2)(A) of the Small Business Act (15
5 U.S.C. 636(a)(2)(A)) is amended—

6 (1) in paragraph (i) by striking “\$100,000”
7 and inserting “\$150,000”; and

1 (2) in paragraph (ii) by striking “\$100,000”
 2 and inserting “\$150,000”.

3 **SEC. 2. LOAN AMOUNTS.**

4 Section 7(a)(3)(A) of the Small Business Act (15
 5 U.S.C. 636(a)(3)(A)) is amended by striking “\$750,000,”
 6 and inserting, “\$1,000,000 (or if the gross loan amount
 7 would exceed \$2,000,000),”.

8 **SEC. 3. INTEREST ON DEFAULTED LOANS.**

9 Subparagraph (B) of section 7(a)(4) of the Small
 10 Business Act (15 U.S.C. 636(a)(4)) is amended by adding
 11 at the end the following:

12 “(iii) APPLICABILITY.—Clauses (i)
 13 and (ii) shall not apply to loans made on
 14 or after October 1, 1999.”.

15 **SEC. 4. PREPAYMENT OF LOANS.**

16 (a) IN GENERAL.—Section 7(a)(4) of the Small Busi-
 17 ness Act (15 U.S.C. 636(a)(4)) is amended—

18 (1) by striking “(4) INTEREST RATES AND
 19 FEES.—” and inserting “(4) INTEREST RATES AND
 20 PREPAYMENT CHARGES.—”; and

21 (2) by adding at the end the following:

22 “(C) PREPAYMENT CHARGES.—

23 “(i) IN GENERAL.—A borrower who
 24 prepays any loan guaranteed under this
 25 subsection shall remit to the Administra-

tion a subsidy recoupment fee calculated in
accordance with clause (ii) if—

“(I) the loan is for a term of not
less than 15 years;

“(II) the prepayment is voluntary;

“(III) the amount of prepayment
in any calendar year is more than 25
percent of the outstanding balance of
the loan; and

“(IV) the prepayment is made
within the first 3 years after disbursement
of the loan proceeds.

“(ii) SUBSIDY RECOUPMENT FEE.—
The subsidy recoupment fee charged under
clause (i) shall be—

“(I) 5% of the amount of prepayment,
if the borrower prepays during
the first year after disbursement;

“(II) 3% of the amount of prepayment,
if the borrower prepays during
the 2nd year after disbursement;
and

1 “(III) 1% of the amount of pre-
2 payment, if the borrower prepays dur-
3 ing the 3rd year after disbursement.”.

4 **SEC. 5. GUARANTEE FEES.**

5 Section 7(a)(18)(B) of the Small Business Act (15
6 U.S.C. 636(a)(18)(B)) is amended to read as follows:

7 “(B) EXCEPTION FOR CERTAIN LOANS.—

8 “(i) IN GENERAL.—Notwithstanding
9 subparagraph (A), if the total deferred
10 participation share of a loan guaranteed
11 under this subsection is less than or equal
12 to \$120,000, the guarantee fee collected
13 under subparagraph (A) shall be in an
14 amount equal to 2 percent of the total de-
15 ferred participation share of the loan.

16 “(ii) RETENTION OF FEES.—Lenders
17 participating in the programs established
18 under this subsection may retain not more
19 than 25 percent of the fee collected in ac-
20 cordance with this subparagraph with re-
21 spect to any loan not exceeding \$150,000
22 in gross loan amount.”.

1 **SEC. 6. LEASE TERMS.**

2 Section 7(a) of the Small Business Act (15 U.S.C.
3 636(a)) is further amended by adding at the end the fol-
4 lowing:

5 “(28) LEASING.—In addition to such other
6 lease arrangements as may be authorized by the Ad-
7 ministration, a borrower may permanently lease to 1
8 or more tenants not more than 20 percent of any
9 property constructed with the proceeds of a loan
10 guaranteed under this subsection, if the borrower
11 permanently occupies and uses not less than 60 per-
12 cent of the total business space in the property.”.

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